TESTIMONY OF
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INTRODUCTION

Good afternoon, Mr. Chairman and Members of the Subcommittee. I am Chuck Fox, Assistant Administrator for Water at the Environmental Protection Agency. I am very pleased to have this opportunity to discuss the Nation's clean water programs, and to explain how the President's FY 2001 budget request will advance us towards our common goal of clean and safe water for all Americans.

In my testimony today, I will describe the nature and extent of the water pollution problems that we face today. I will also give you a brief overview of the Administration's clean water agenda -- the actions EPA is taking in cooperation with its federal and State partners -- and explain how the President's budget request for FY 2001 supports and strengthens these efforts.

As a Nation, we have made great progress in cleaning up our waters over the past 25 years. The Clean Water Act (CWA) has served us well in the past and continues to provide the foundation we need to correct these remaining problems --

strong programs for protecting and restoring water quality. Yet serious, persistent water pollution problems remain throughout the country. As I indicate later in my testimony, States report that over 20,000 waterbodies are polluted. The overwhelming majority of Americans -- 218 million people -- live within 10 miles of at least one of these polluted waterbodies.

Over the years, EPA has built a sound partnership with State environmental agencies. More recently, we have made a concerted effort to strengthen our working relations with federal Agencies. And today I am pleased to say that we have a much stronger federal/State partnership than at any point in the past – one that will enable us to make faster progress in cleaning up the Nation's waters in the 21st century. The President's FY 2001 budget proposal is designed to further strengthen these critical partnerships for clean water.

THE PAST AS PROLOGUE

Twenty Five Years of Improvements in Water Quality

Nearly three decades ago, this Subcommittee was instrumental in the formulation and passage of the original Clean Water Act of 1972.

This historic and far-reaching legislation was needed because -- just twenty-seven years ago -- the Potomac River was too dirty for swimming, Lake Erie was dying, and the Cuyahoga River was so polluted it burst into flames. Many of the Nation's rivers and beaches were little more than open sewers.

Enactment of the Clean Water Act and aggressive implementation of its many well-conceived programs by EPA and the States has dramatically improved the health of this country's rivers, lakes and coastal waters. The nation's investment in water infrastructure now removes about 7.5 million metric tons -- that's over 16 billion pounds -- of oxygen depleting chemicals from wastewater each year. This remarkable achievement has dramatically increased the number of waterways that are once again safe for fishing and swimming. And the economic and social benefits of this investment are readily evident in cities such as Boston, Cleveland, St. Petersburg and Baltimore. In each of these communities, the efforts to restore the health and vitality of our waters has also produced more aesthetically pleasing waterfronts, as well as economically vibrant, water-focused urban environments.

The Water Pollution Problem Today

Despite our past progress in reducing water pollution, almost 40 percent of the Nation's waters assessed by States and Tribes still do not meet our water quality goals.

States report that pollution from factories and sewage treatment plants has been reduced but remains a concern in many areas. Soil erosion and wetland loss impair or threaten the health of may aquatic systems. Polluted runoff from our city streets, rural areas, and other sources continues to degrade water resources, silting up streams and promoting algal blooms. Fish in many waters still contain dangerous levels of mercury, polychlorinated biphenyls (PCBs), and other toxic contaminants. Beach closings are increasingly common.

Preliminary data from the forthcoming *National Water Quality Inventory 1998 Report to Congress* documents the state of the Nation's waters. In this latest *Inventory*, the States and Tribes report that 35 percent of assessed rivers and streams and 45 percent of assessed lake acres do not attain the water quality standards adopted by the States.

Of even greater concern are the findings that poor water quality harms aquatic life in 30 percent of rivers and streams and 29 percent of lake acres that the States assessed for aquatic life support. Poor water quality also limits swimming activities in 23 percent of rivers and streams and 20 percent of lake acres that the States assessed for swimming use support.

In the Nation's estuaries, the States and Tribes report that 44 percent of assessed waters are impaired for one or more of their designated uses, with pollutants harming 34 percent of square miles assessed for aquatic life support, 27 percent of square miles assessed for shellfishing use support, and 9 percent assessed for swimming use support.

The leading pollutants reported are sedimentation, pathogens, nutrients, metals, and oxygen-depleting substances. On a national scale, leading sources of pollution include agriculture, urban runoff and storm sewers, and municipal point sources. Other sources, ranging from factories to forestry operations, cause water pollution problems on a site specific basis. Looking at all this information together, it is clear that polluted runoff from nonpoint sources and discharges of storm water are the biggest remaining sources of water pollution and our biggest challenge.

We have similar water quality data and information that the States and territories have provided as part of the Total Maximum Daily Load (TMDL) program. Under the TMDL program, which is mandated under section 303(d) of the Clean Water Act, States and territories have developed lists of polluted waterbodies -- waters that do not meet State water quality standards.

The 1998 lists identified over 20,000 individual river segments, lakes, and estuaries across America as polluted, including approximately 300,000 miles of river and shoreline and 5 million acres of lakes -- polluted mostly by sedimentation, nutrients, and harmful microorganisms. These lists tell us that the overwhelming majority of Americans --18 million people -- live within 10 miles of a polluted waterbody.

I also want to call your attention to one particularly serious water quality problem we face -- the serious pollution problems in the Great Lakes. These lakes are one of our great natural treasures.

Of the Great Lakes shoreline miles surveyed in the 1998 Water Quality Inventory, only 4 percent reported good water quality that fully supports designated uses. Some form of pollution or habitat degradation impairs the remaining 96 percent of assessed Great Lakes shoreline.

The leading pollutants in the Great Lakes are toxic organic chemicals and pesticides. The leading sources of impairment are atmospheric deposition, discontinued discharges from pipes, and contaminated sediments.

It is critical that we recognize the serious threats to the Great Lakes and take prompt action to restore the health and productivity of this vast ecosystem.

KEY CLEAN WATER PROGRAMS

The Clean Water Act provides a strong foundation for the Nation's water quality program. Today, EPA is working to strengthen the core programs of the Act and to enhance partnerships with federal and State agencies using coordination mechanisms such as the *Clean Water Action Plan.*

The Clean Water Action Plan

Over two years ago, after taking a hard look at the serious water pollution problems around the country, the Administration concluded that implementation of the existing programs was not doing an adequate job of stopping serious new water pollution threats to public health, living resources, and the Nation's waters -- particularly the adverse impacts from polluted runoff.

In response to this concern, President Clinton and Vice President Gore announced, in February of 1998, a major new, interagency effort to enhance existing clean water programs and to speed the restoration of the Nation's waterways. The *Clean Water Action Plan* was the product of a cooperative effort by the Department of Agriculture, the Department of Interior, EPA, the National Oceanic and Atmospheric Administration, the U.S. Army Corps of Engineers and others. It describes over 100 actions -- based on existing statutory authority -- that these agencies and others agreed to undertake to strengthen efforts to restore and protect water resources.

The *Clean Water Action Plan* is built around four key tools to achieve clean water goals.

A Watershed Approach -- The *Action Plan* envisions an improved collaborative effort by federal, State, Tribal, and local governments, the public, and the private sector to restore and sustain the health of the over 2,000 watersheds in the country. The watershed approach provides a framework for water quality management and is a key to setting priorities and taking action to clean up rivers, lakes, and coastal waters.

Strong Federal and State Standards -- The *Action Plan* describes how federal, State, and Tribal agencies may revise standards where needed and make programs more effective. Strong standards are key to protecting public health, preventing polluted runoff, and ensuring accountability.

Natural Resource Stewardship -- Much of the land in the Nation's watersheds is crop land, pasture, rangeland, or forests, and much of the water that ends up in rivers, lakes, and coastal waters falls on these lands first. Clean water depends on the conservation and stewardship of these natural resources. This *Action Plan* encourages federal natural resource agencies, including the Department of Agriculture, to support State and local watershed restoration and protection.

Informed Citizens and Officials -- Clear, accurate, and timely information is the foundation of a sound water quality program. Informed citizens and officials make better decisions about their watersheds. The *Action Plan* encourages federal agencies to improve the information available to the public, governments, and others about the health of their watersheds and the safety of their beaches, drinking water, and fish.

The Department of Agriculture, EPA and others are making good progress in implementing the over 100 specific actions described in the *Clean Water Action Plan*. Congress has provided vital support to this work by appropriating critical funding, including doubling EPA's grants to States for reducing nonpoint pollution from about $100 million in 1998 to about $200 million in 1999 and 2000.

One key accomplishment under the *Clean Water Action Plan* is that States have assessed the health of their watersheds, and have initiated over 300 Watershed Restoration Action Strategies -- plans designed to restore impaired waters on a watershed basis. These Watershed Restoration Action Strategies are a tremendous tool to combine the many diverse authorities and to pool resources of local, State and federal agencies, and to take unified, collaborative approaches to restoring watershed health.

Other key accomplishments include: a new BEACH Action Plan, a response plan for pollution threats to coastal waters, new regulations to control stormwater discharges, new efforts to support establishment of riparian buffers, and a contaminated sediment strategy. Many other critical projects are underway at EPA, the Department of Agriculture, the Department of Interior, the Army Corps of Engineers, the National Oceanic and Atmospheric Administration, and other agencies, as well as at the States and local levels and in the private sector.

The *Clean Water Action Plan* is a sound blueprint to guide clean water programs well into this new century. I ask, Mr. Chairman, that a copy of the first annual report of progress in implementing the *Clean Water Action Plan* be included as part of my testimony in the hearing record. The second annual report is nearing completion, and I will forward a copy to you and to members of the Subcommittee as soon as it becomes available.

Priorities for Core Program Development

The Clean Water Act authorizes an essential set of core programs that provide a sound foundation for protecting and restoring water quality:

Effluent guidelines provide national, minimum discharge standards for over fifty major industries.

State-adopted water quality standards provide goals for water quality restoration and protection.

NPDES permits control discharges from over 100,000 pollution sources.

State and local pretreatment programs assure that facilities discharging to sewers provide appropriate levels of waste treatment.

In recent years, the Clean Water Revolving loan fund programs in each State provide over $3 billion in financing for water pollution control projects each year.

The national wetlands program under Section 404 of the Act is the primary defense of the Nation's critical wetlands resources.

Managing programs to protect the quality of the Nation's waters requires that we regularly re-examine core programs and refine and refocus our efforts to better meet changing needs and circumstances. Some key efforts to develop core programs that are now underway are described below.

We are working to modernize the water quality criteria and standards program.

We are refining tools for restoring impaired waters, through both the TMDL process and the development of Watershed Restoration Action Strategies called for in the *Clean Water Action Plan.*

We are developing new approaches to address problems related to crumbling wastewater infrastructure, including overflows from sanitary sewers.

We are working with States to assure that discharges from large animal feeding operations have permits under the Clean Water Act.

We are working with States to upgrade programs to reduce pollution from nonpoint sources.

We are also encouraging States to make better use of the Clean Water State Revolving Funds and other federal resources to finance projects that address polluted runoff.

As a result of these efforts to strengthen core clean water programs and to improve coordination under the *Clean Water Action Plan* the Nation's clean water program is working well to protect and restore the Nation's water resources.

THE FISCAL YEAR 2001 CLEAN WATER FUNDING PROPOSALS

The FY 2001 budget will support a stronger and more effective effort to protect and restore the quality of the Nation's waters. I will focus my testimony today on proposals in the Budget for significant increases in State program grants to support critical efforts to restore impaired waters and reduce nonpoint pollution, and proposals for continued funding of clean water infrastructure.

Before speaking to those topics, I want to mention that the Administration is proposing to essentially maintain funding for core clean water programs, including EPA operations. Background information about funding for program operations is available in the detailed budget presentation. I should note that, although the budget requests essentially level funding for EPA operations, Congress substantially reduced last year's request and a comparable reduction in this request would put sound management of water programs at risk.

Increased State Program Funding and Flexibility

The Administration remains committed to providing States with the increased funding and flexibility they need to take the lead in implementing strong clean water programs. The FY 2001 budget provides dramatically increased funding for State clean water programs.

Increased Funding to Reduce Nonpoint Pollution

For FY 2001, the Administration is requesting an additional $50 million (for a total of $250 million) to help the States expand efforts to implement strong nonpoint pollution control programs and to focus these resources on pollution control projects in watersheds they have identified as most in need of attention.

The *Clean Water Action Plan* placed major emphasis on improving the ability of States to address the largest remaining source of water pollution in the United States -- polluted runoff. In FY 1999 and FY 2000, the Administration requested and Congress appropriated an added $100 million (for a total of $200 million) under Section 319 to assist States in expediting their implementation of nonpoint source programs, with a special focus on projects to reduce nonpoint pollution in the most impaired watersheds.

States are well poised to make good use of this additional funding. In recent years, States have developed increasingly sophisticated programs that enable them to target their funding and implementation efforts to watersheds most in need of restoration. In addition, States are making good progress in strengthening existing programs to reduce nonpoint pollution on a Statewide basis. The increased funding

proposed for FY 2001 recognizes the steady progress States are making in both restoration of waters impaired by nonpoint pollution and general prevention of polluted runoff.

Using TMDLs to Restore Impaired Waters

The FY 2001 budget calls for increased funding of $45 million in grants to States under section 106 of the Clean Water Act specifically to support development of TMDLs, with States providing at least 40 percent of TMDL program costs. When this grant funding is matched as proposed in the budget, new funding of $75 million will be available for this critical effort.

States have indicated that increased funding is critical to the success of the TMDL program. States will need to develop nearly 40,000 TMDLs for approximately 20,000 waterbodies in the coming years. In many cases, States are working under the additional pressures and constraints imposed by court-ordered deadlines. Where States are not able to meet these commitments or to develop appropriate TMDLs, the Clean Water Act directs EPA to act for the State.

This increase in section 106 grant funds, coupled with State flexibility to use up to 20% of their increased Section 319 grant monies for TMDL development, and other available funding sources, would provide sufficient resources to allow States to meet their FY 2001 TMDL obligations.

Restoring "Areas of Concern" in the Great Lakes

The federal government can be an effective catalyst to encourage local efforts to clean up waters of national significance. To jump start our efforts to restore this national treasure, the Administration is requesting a significant new investment in water quality in the Great Lakes.

The FY 2001 budget provides $50 million in grants to support projects called for in existing plans developed for "Areas of Concern" (AOCs) in the Great Lakes, which were defined in 1987 by the International Joint Commission -- a joint partnership between the United States and Canada. This infusion of new funding would support actions to restore and/or protect the 31 AOCs that fall wholly or partially within U.S. waters, and would represent a dramatic increase in support for State and community efforts to preserve and enhance the waters of the Great Lakes.

Under this initiative, Great Lakes communities -- such as Detroit, Milwaukee, Cleveland, Gary, Duluth, and Buffalo -- would be eligible to compete for matching grants to help restore and protect their shorelines and waters for drinking, fishing, swimming, boating, and waterfront development. EPA would make these funds available to States and communities through a competitive grant process for a range of activities, including controlling stormwater, restoring wetlands, acquiring greenways and buffers, remediating contaminated sediments, and controlling polluted runoff. States and local governments would be required to provide at least 40 percent of project costs, resulting in a total investment of over $80 million.

State Flexibility in Use of SRF Funds

Finally, for FY 2001, the Administration's budget request gives each State the discretion to reserve up to an amount equal to 19 percent of its annual Clean Water SRF capitalization grant to provide grants, rather than loans, to implement nonpoint source pollution control projects or for projects to implement plans developed under the National Estuary Program. For communities that might otherwise find loans unaffordable, grants could also be used in combination with loans.

This new authority will provide a major boost in funding for projects to reduce nonpoint pollution and protect estuaries.

Maintain Investment in Clean Water Infrastructure

The Clean Water State Revolving Fund (SRF) program provides communities a significant source of low cost financing to construct wastewater treatment facilities and to implement nonpoint source control and estuarine protection projects. Over $17 billion in federal capitalization grants have generated $30 billion in total funds available for loans since 1987, of which approximately $26 billion has been provided to communities ($4.2 billion remained available as of June, 1999). The Clean Water SRF is now providing approximately $3 billion per year in annual financial assistance to local communities. By the end of FY 2001, we expect that 6,200 clean water SRF funded projects will be operational.

With the FY 2001 request of $800 million, the Administration is honoring its commitment to capitalize the Clean Water SRF at a level that enables States to provide

communities at least $2 billion in annual financial assistance over the long-term -- a funding level consistent with the Agency's historical annual investment in wastewater assistance programs.

I should note that the federal investment in the Clean Water SRF program to date is more than double the amount originally authorized in the 1987 Clean Water Act amendments. As a result of the significant federal investment in the Clean Water SRF program and other water infrastructure investments, over 180 million Americans, 98 percent of those served by community sewage systems, now receive the benefits of secondary wastewater treatment.

The SRF program is an effective and essential tool for financing clean water infrastructure projects and it plays a vital role in meeting long-term clean water goals. In 1996, EPA estimated that the cost of needed clean water infrastructure to be $128 billion, including $26.5 billion for secondary treatment projects, $17.5 billion for advanced treatment, and $73.4 billion for various types of sewage conveyance projects, including collectors, interceptors, combined sewers, and storm water. Because some of these capital costs are documented by 10-year project plans and specifications, they generally reflect needs for facilities for 10 years into the future. Most facilities are designed for a 20-year useful life.

In addition, EPA is working with States and others to frame a comprehensive program to address the many problems associated with the decay of critical wastewater infrastructure, such as overflows of raw sewage. EPA's preliminary model considers

costs incurred in addressing sanitary sewer overflows (SSOs) by sixty communities that have completed planning and design work.

Our preliminary estimate for SSO costs is approximately $81.9 billion. Although we believe that the Needs Survey substantially underestimates SSO costs, we are not sure of the magnitude of the overlap of the two estimates.

Because the next Needs Survey is more than a year away and the program is evolving in areas such as SSOs, we have commenced an effort to refine needs estimates and to approximate the "funding gap" for wastewater infrastructure.

Finally, the Administration is also committed to continue its support for the Drinking Water State Revolving Fund (SRF), which provides assistance to public drinking water systems to finance infrastructure improvements. The Administration's request of $825 million for the Drinking Water SRF in FY 2001 is consistent with its commitment to provide sufficient funding to ensure that the drinking water SRF can provide $500 million in annual financial assistance over the long-term.

CONCLUSION

Thank you, Mr. Chairman and members of the Subcommittee, for the opportunity to be here today to present the Administration's FY 2001 budget for clean water programs.

Despite these great strides forward over the past three decades, there is little doubt that serious water pollution problems remain throughout the country. We should

be proud of what we have accomplished. But, to finish the job, we need to maintain our resolve and our commitment to solving the remaining problems.

I look forward to working with you towards our common goal of clean and safe water for all Americans, and would be happy to answer any questions you may have.

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